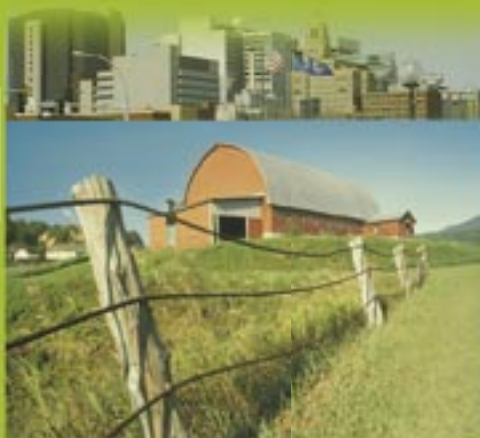


2004

Midyear Report

Congressman Gil Gutknecht

Proudly serving southern Minnesota
in the U.S. House of Representatives



*Congressman Gutknecht talking
about his Medical Savings
Account health care initiative at a
press conference in Minnesota.*



With ten months of sustained job growth and evidence of shrinking budget deficits, it's becoming clear that our economy is finally gaining steam. Now, we must keep a lid on federal spending!

This year, we have passed important tax relief measures for Minnesota families, including extending 'marriage penalty' relief and the 10-percent individual income tax bracket for lower income Americans. And, we've passed health care legislation that reduces costs and provides flexibility for our workforce.

In addition, I've been working on two important budget enforcement measures: discretionary spending caps and pay-as-you-go (PAYGO). Together, these measures will help reduce deficits and eliminate wasteful Washington spending.

I hope you take a few minutes to read the enclosed information and, as always, please don't hesitate to contact me with your comments and questions.



GOOD NEWS ABOUT THE ECONOMY:

- * More than 600,000 jobs were created in March and April; and more than one million since last fall.
- * Government officials say the deficit projected for the fiscal year could narrow by as much as \$100 billion.
- * The Bureau of Economic Analysis reported that real gross domestic product grew at a 4.2 percent annual rate in the first quarter of this year – the third straight quarter of strong economic growth.
- * The unemployment rate continues to drop.



Congressman Gutknecht speaks about the War on Terrorism at a 'Support Our Troops' event in Rochester.

FROM WASHINGTON

TAXES

The House passed several important tax measures. Included are:

HR 4181 **permanently extends 'marriage penalty' tax relief.**

People shouldn't have to pay extra taxes just because they're married. The tax code should encourage families, not penalize them. This relief affects more than 700,000 Minnesota couples!

HR 4359 **permanently extends the child tax credit.** This \$1,000 per child credit was set to expire this year. Fortunately, the House acted to extend this relief to millions of American families.

HR 4275 **permanently extends the 10-percent individual income tax rate bracket.** The 2001 Jobs and Growth tax relief package created this new 10-percent bracket (from 1986 to 2000 the lowest was 15-percent). This legislation maintains the bracket at \$7,000 for singles and \$14,000 for married couples.

Congressman Gutknecht visiting with Minnesota grandmother Kate Stahl about his legislation to lower prescription drug costs for American consumers.



Congressman Gutknecht discussing veterans issues with a Vietnam veteran at an event at the Minnesota State Capitol.



HEALTH CARE

I supported two health care measures aimed at **reducing costs and providing flexibility for our workforce**:

HR 4279 will allow up to \$500 of unused health benefits to be:

- * carried forward in the Flexible Spending Accounts (FSA) for use during the next year, or
- * contributed to a Health Savings Account (HSA).

HR 4280 makes changes to the health care liability system, including compensation for injured patients arising out of health care lawsuits. It provides for a \$250,000 cap on non-economic or 'inherently unqualifiable pain and suffering' damages.

BUDGET

I voted 'yes' on the House Budget Resolution for Fiscal Year 2005 (HConRes 393). While not perfect, this resolution represents a giant step in the direction of fiscal sanity.

Throughout the budget process, I have advocated for a budget which would **rein in spending** and put steel back into the budget process. Now, we must be resolute in our commitment to implement it.

I agree with Federal Reserve Chairman Alan Greenspan when he told us that Congress' top priority should be to **reenact 'pay-as-you-go' rules and spending caps** so we can get back to *real* balanced budgets.

LEGISLATIVE ACHIEVEMENTS

I was honored to receive awards from the US Chamber of Commerce, TREA Senior Citizens League, Americans for Tax Reform and the Small Business Survival Committee for my work during the 108th Congress. These advocacy groups recognized my voting record to help small businesses, lower health care costs and reduce the burden on American taxpayers.

As author of the Pharmaceutical Market Access Act of 2003 (HR 2427), I've been invited to town hall meetings and forums in Florida, California, Oklahoma, Colorado and Washington, DC. At these meetings, I've advocated for open markets so that American consumers have access to affordable pharmaceuticals.

I supported HR 1997, the Unborn Victims of Violence Act. The measure fills gaps in federal law by providing that if an unborn child is injured or killed during the commission of a federal crime of violence, prosecutors can bring two charges: one on behalf of the mother, the other on behalf of the unborn victim. The measure was passed by the House and Senate and signed into law by the President.



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IN OTHER NEWS

Congressman Gutknecht discussing his duties in Washington with elementary students in Edgerton.



Congressman Gutknecht discussing the war in Iraq with a member of the Rochester 79th Military Police unit who had just returned home from duty.



I had the opportunity to meet with Minnesota soldiers serving at Eagle Base, Bosnia and Camp Bondsteel, Kosovo. I cannot help but be proud of the brave Americans in uniform who are strengthening democracy and freedom in the Balkans. They are doing an outstanding job, are proud of their service and are eagerly looking forward to returning home to family and friends.

Twenty municipalities across southern Minnesota have been awarded grants through the 2004 Bulletproof Vest Partnership Program. The program, authorized by the Bureau of Justice Assistance, focuses on populations under 100,000 and provides much-needed resources to keep our police and peace officers safe.

Equipment grants were awarded to fire departments in Dovray, Sleepy Eye, Brewster, Butterfield and Rochester.

IRAQ UPDATE

What the news media may not be sharing with you:

- * The Ministry of Water Resources and Health Ministry have returned to Iraqi hands.
- * More than 200,000 Iraqis are now serving in Iraq's security forces, protecting the Iraqi people and infrastructure.
- * More than 2,500 schools have been rehabilitated by the Coalition.
- * More than three million Iraqi children under the age of five have been vaccinated against polio and other diseases.
- * The Iraqi economy is improving. Indicators are that unemployment is half what it was at liberation – and below what it was before the war.
- * Over one million Iraqis enjoy telephone service – more than before the war. That number grows by 15,000 per week.

“Conversations with the Congressman,” my weekly radio show, airs on several radio stations throughout the district. Due to House rules during an election year, the show will not air after June 16 but will resume later this year. You can listen to all past shows on my website: www.gil.house.gov.

The **E-Line** will continue to be your weekly update on all the activities in Washington and Minnesota. I have added a ‘Stories from the Front’ section where you can read letters and accounts from soldiers serving abroad. Sign up to receive your E-Line notification at my website: www.gil.house.gov.